

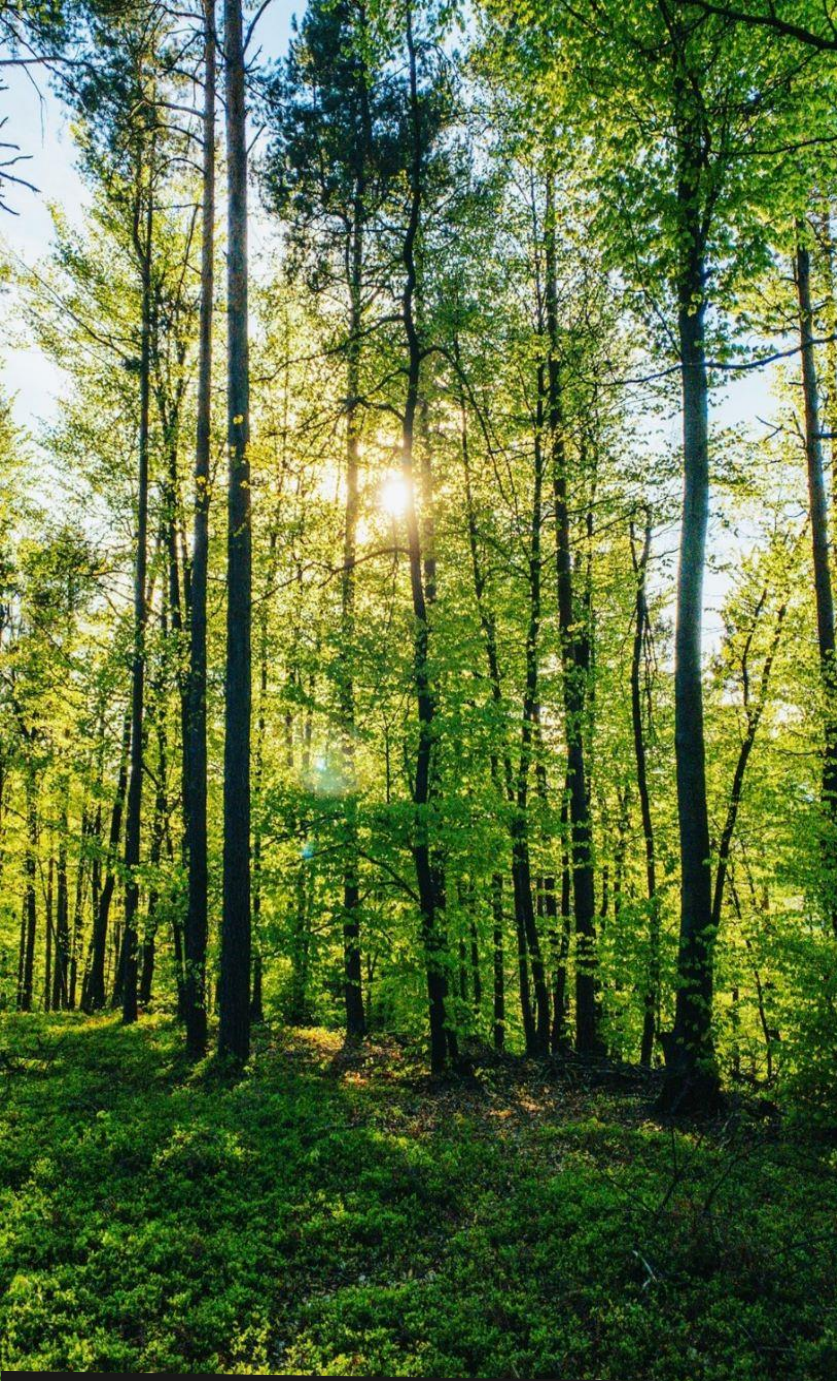


# Klappir

The smart way to sustainability

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## Klappir Annual Integrated Report 2021



# Content

## Introducing Klappir

Letter from the Chairman.....6

Letter from the CEO.....8

Klappir at a glance.....10

Our way.....11

Digital Platform for Sustainability.....13

## Our impact on society

Our impact framework.....17

The smart way to sustainability.....22

Digital Ecosystem for Sustainability.....23

The market.....25

## Our contribution to society

We align our business to seven SDGs.....30

Our main contribution to society.....32

## Corporate governance

We are a Pure Play company.....35

Our Green Financing Framework.....36

Risk analysis.....37

Board of Management.....39

Board of Directors.....40

## Sustainability highlights and additional information

Sustainability highlights.....42

Data collection process.....43

Framework for environmental accounting.....44



A photograph of a herd of elephants in a savanna landscape. In the foreground, a large elephant stands prominently, facing the camera, with its trunk reaching down to the ground. Behind it, several other elephants are visible, some partially obscured. The background features a lush green forested hill under a blue sky with scattered white clouds. The overall scene is bright and natural.

**We are on a mission to bring  
clarity to sustainability**



A flock of geese is flying in a V-formation across a sky filled with soft, wispy clouds. The sun is setting behind a line of trees on the horizon, casting a warm, golden glow across the sky and reflecting on the calm water of a lake in the foreground. The geese are silhouetted against the bright sky, and their wings are spread wide as they fly.

**Our vision is to lead the world in  
coordinated data driven  
sustainability efforts**





# Introducing Klappir

- Letter from the Chairman.....6
- Letter from the CEO.....8
- Klappir at a glance.....10
- Our way.....11
- Digital Platform for Sustainability.....13





Letter from the Chairman

## The smart way to sustainability

Klappir sustainability solutions will be a growing part of organizations' operational, competitive, legal and regulatory strategies.

To avoid wide-scale environmental degradation, catastrophic climate change and loss of biodiversity, we have to fundamentally shift our global economic systems towards more sustainable trajectories within precious and limited time.

Our society must come to terms with a desperate need for increased sustainability awareness and a partnership fuelled by frontier digital technologies.

Comprehensive cooperation and data sharing are the key to success. We provide the technologies and experience of the necessary quality along with a proven track record that supports these crucial elements.

Monitoring and interconnecting activities in a global accounting system like Klappir will be an indispensable element of organizations' competitive, legal, and regulatory strategies, as well as for governments at every level.

Increased sustainability awareness is a social and economic imperative. Companies will need – and want – to respond to existing environmental rules and regulations, anticipate the legislative agenda and be prepared to comply, quickly and efficiently. They – and we – have a social compact to make the world more liveable.

Therefore, in the years to come, there will be a growing demand for efficient software solutions to improve the speed and accuracy of decisions related to sustainability accounting, analytical processing, environmental predictions and goal setting.



### **The world is changing – so should we**

Increased sustainability awareness is an economic fact. Companies must respond to existing environmental rules and regulations and also anticipate what is coming up on the legislative agenda and make themselves able to comply as fast and efficiently as possible. Sustainability will not be viewed as a painful cost of doing business; companies will work with sustainability at the core of their business and therefore build bridges between their sustainability processes and operational improvements.

To monitor and interconnect activities in a global accounting system, as Klappir does, will be part of an enterprise-wide strategy to keep ahead of competitors as well as legislation and regulations.

The push of laws and regulations in the coming years together with companies' own initiatives is likely to enlarge exponentially the market for environmental services and Klappir's sustainability solutions.

### **Proven benefits**

Among the many benefits for organizations using the Klappir Digital Platform are:

- Reduction of the environmental impact of their operations by getting precise and reliable information on sustainability performance. Meet new reduction targets for further improvements.
- Reduction of operational cost of consuming energy and/or creation of waste as a result of more prudent and disciplined operational practices.
- Reduction of sustainability risk by increasing transparency on the environmental impact of business operations, providing reliable and thorough environmental accounts along with communication of environmental information and successes to relevant stakeholders in accordance with the company's policies.

Klappir's sustainability ecosystem in Iceland and its organic growth beyond Iceland's shores is unique in the world today. It has shown that it is possible to support the sustainability effort of a whole nation with digital technology if it is cost-effective and provides a framework that is internationally approved.

The Klappir ecosystem is tightly linked to the SDG17 (Partnerships for the Goals) where all users in the ecosystem work together toward common goals. Today, the Klappir ecosystem includes businesses from a range of industrial and service sectors as well as government agencies and municipalities.

In our forthcoming plans we aim to further develop our digital sustainability solutions to cover more of the indicators of the Sustainable Development Goals (SDGs). It will require not only utilisation of new sources of data, but also an enhanced ability to combine data on the environment with relevant economic and social data.

Finally, on behalf of the Board of Directors, I would like to offer my thanks to all Klappir employees for their hard work and commitment during 2021 and to our shareholders for their continued support.

**Linda Bjork Olafsdottir**  
Chairman





Letter from the CEO

## A world-class sustainability solution from Iceland

Klappir delivers cost-efficient and innovative digital sustainability solutions globally, building on our solid and dynamic base. Our Icelandic roots will grow, to help mitigate the world's #1 challenge and make it more livable.

The Icelandic market, where we developed our sustainability solutions for society, shows the tremendous need of organizations for transparency and clarity in sustainability. The same need for digital sustainability solutions exists globally. We have a proven track record with our standardized approach to sustainability in the workplace and its disclosure.

In 2021, Klappir took multiple important steps towards delivering our innovative sustainability solutions to the global market. 2021 was a strong year for Klappir, with 50% growth in users of the platform and 18.1% growth in revenue.

We developed the Green Financing Framework, which is an important part of Klappir's sustainability strategy moving forward, and we received certification as a Pure Player.

We have been focusing on strengthening our business unit and product development team. We now have large international customers in Denmark, Japan and the USA.

We are enjoying our leadership with our solutions for sustainability. The number of users of our solutions is more than 6,000 today and is growing progressively.

With massive development work behind us, we refined our 2020 strategy. Our resulting strategy for 2022-2025 will sustain innovation, product development and customer success. We will focus on promoting our beyond-state-of-the-art solutions abroad through developed and efficient sales channels. We will start our own operation in Denmark.



Iceland will continue to be our most important market. Using Klappir technology, many Icelandic companies, institutions and municipalities cooperate seamlessly with digital communication, transparency and reliable disclosure of sustainability results.

### **Responsibility to society**

We operate an extensive digital sustainability ecosystem in Iceland and support users of our solutions in their growing sustainability efforts. We feel responsible towards society and our clients, and therefore we put risk analysis and risk mitigation at the centre of our decision-making processes.

We have financed, developed and distributed completely new technologies and methodologies to deal with the greatest risks that humanity faces. As a data-driven company with the responsibility of managing an organized sustainability ecosystem, we bear special responsibility toward society. This relates to the structure of the company, the business concept as a whole, data security and disclosure of sustainability performance to the general public and the authorities.

### **Our growth strategy**

With our clear 2020-2025 long-term vision, Klappir will now focus on growth. The growth strategy is clear, built on the following three sales approaches.

- Partnership with global partners that distribute our platform both within specific industries and across multiple sectors.
- Direct sales to customers driven by direct contact with each customer.
- Sales driven by our web engine where clients can start using our platform with limited support from us.

Sales through our web engine will increase the speed of distribution of our platform. To that end, we are developing and implementing a web engine that will increase the speed of sales, user registration and access to the platform.

The web engine enables us to reach more clients globally and scale up faster than planned for in our previous strategy. Further development of this technology will continue in 2022.

Looking to the future, our Sustainability Platform will continue to grow beyond Iceland as the world's most reliable and trusted platform of its kind. At the same time, we will grow our Sustainability Ecosystem globally, country by country.

### **Risk and stability**

Klappir is a successful and innovative company with the stability and persistence needed when developing new technologies for an emerging and demanding market. Our success will always be strongly related to our responsibility toward risk mitigation, especially related to threats that might put our business at risk, including cyber attacks and risk of ownership.

We are implementing ISAE 3000 describing our processes, products, methodology, service and how we handle risk. This year we will get limited assurance and next year we will go for extended assurance. We have a two-class share arrangement that limits risk in relation to ownership.

In closing, I salute my Klappir colleagues for their commitment and solid support throughout this challenging year and send thanks to our partners, clients and collaborators – and a sincere thank you to our Board of Directors for their continuous engagement and constructive work. I would also like to underline my thanks to our shareholders for their sustained and valued support.

### **Jon Agust Thorsteinsson**

Chief Executive Officer



**50%**  
increase in users

**18,1%**  
increase in total revenue

**78,9%**  
recurring revenue

**6,000**  
users

**380m (€2,7m)**  
ISK in revenue

**73m (€0,51m)**  
ISK in EBITDA

**300+**  
shareholders

**140,2m**  
shares

## Klappir at a glance



### Klappir Solution

Klappir Digital Platform for Sustainability allows organizations to understand their sustainability, simplify compliance with regulations, carry out transparent accounting and disclose sustainability performance.



Klappir methodology is aligned with the UN Sustainable Development Goals and enables customers to disclose legally required information in a transparent way.



### Klappir Methodology

Klappir Digital Ecosystem for Sustainability allows our customers to cooperate, stream data and share sustainability information.



Klappir is a Nasdaq First North listed software solutions company that has a green financial framework and is pure player according to EU Taxonomy.



## Our way

At Klappir, we aim to fulfil our mission and deliver to society our cutting-edge contributions in innovation, software development and methodologies. We will continue to support capacity-building and dissemination of knowledge. We aim to put in order the data behind sustainability efforts, world-wide. Our digital sustainability solutions for society include two main interconnected digital solutions.

**Klappir Sustainability Platform** - the proprietary software solution developed by Klappir containing unique technology and methodology for collecting, structuring and processing sustainability data.

**Klappir Digital Ecosystem** – the infrastructure of connected databases delivering data into the digital platform. The ecosystem enables cooperation between businesses, municipalities, governments and academia, allowing them to work collectively toward improved sustainability performance by sharing accurate and transparent source data and knowledge with each other.

**We believe that Klappir digital frontier technology for collecting data and sharing sustainability information gives society the necessary insight to be able to improve its sustainability performance**

### Klappir Sustainability Platform

Klappir brings clarity on sustainability through standardized structures for data recording, accounting and disclosure. Klappir Sustainability Platform for sustainability is developed with the specific purposes shown below.

- Sustainability transparency, accounting and disclosure. Activity data related to the use of energy, carbon fuels and other company value chain services is transformed automatically into sustainability information.
- Sustainability performance and efficiency analytics. Data related to individual assets like facilities, automobiles and ships is transformed into sustainability performance metrics.
- Sustainability compliance. Recorded data is used for disclosure and compliance with local and international laws and regulations. Examples include compliance with IMO Marpol Annexes and European regulations.

Businesses, municipalities and governments worldwide now have access to the fully-tested and robust Klappir Platform to help them reduce their environmental risk and impact.

### Klappir Digital Ecosystem

The ecosystem is an interconnected socio-technological system with adaptive properties of self-organization and scalability. In this sense, our digital sustainability ecosystem is much like natural ecosystems that are characterized by competition and collaboration among their many diverse components.

Transparency and safeguarding data and privacy are at the core of our ecosystem for data, algorithms and insights. Our ecosystem does not live in a single cloud – but it utilizes a network in which data, data processing techniques, metadata and experiences can be shared, tracked and replicated by the connected users. Klappir understands the importance of ensuring transparency and that using only trusted data sources will be increasingly important in a world where social media posts, written narratives, images, videos and in the future perhaps even consciousness can be created and altered.

Klappir manages the ecosystem at its own cost, providing free access for all. As an example, all ships arriving Icelandic waters connect to the Klappir ecosystem to share environmental data.





*Our digital platform is a global transparency,  
accounting and disclosure solution for sustainability*



## Our Solution

# Digital Platform for Sustainability

Our Digital Platform for Sustainability contains the technologies necessary for transparent accounting, analysis and disclosure.

- ✍ Data management
- ✍ Asset management
- ✍ Ecosystem management
- ✍ User management
- ✍ Dashboard, insight and analysis
- ✍ Sustainable accounting and statements
- ✍ Platform extensions
  - Sustainable shipping
  - Sustainable ports
  - Sustainable finance







**The world is changing.  
So should we.**





# Our impact on society

- Our impact framework.....17
- The smart way to sustainability.....22
- Digital Ecosystem for Sustainability.....23
- The market.....25



**We add value to society through  
our digital impact**





We offer:

## **a smart platform to reduce your negative environmental impact, your risks and your costs**

A smart platform to reduce your negative environmental impact, your risks and your costs” sums up why customers should buy into our platform. It represents our key sales arguments and is always be communicated online and offline.

### **Reduce your negative environmental impact**

We help our customers closely monitor their environmental impact. We continuously inspire and motivate our customers to go the extra mile with their sustainability goals and efforts.

### **Reduce your risks**

We help our customers closely monitor their suppliers and easily generate reports in order to be fully compliant with applicable regulations and provide full transparency to their stakeholders.

### **Reduce your costs**

We help our customers closely control how their processes affect their environmental impact and reach greater operational and cost efficiency.



Everything we do is  
**professional,  
innovative and  
caring**

Professional, innovative and caring are the three key values that sum up everything we do, from the way we speak, to the way we present ourselves and the way we perform.

## Professional

We take sustainability very seriously. Whether we are facing our customers online or offline. We always make sure that our platform and our employees appear in the most professional manner.

## Innovative

We connect people using our platform to create ecosystems that make sustainability readily available. Our world-class platform helps businesses and organizations to approach sustainability in innovative, new ways.

## Caring

We want to make a difference for people and the planet. We feel a connection to nature and strive to preserve scarce resources. We also truly care for our customers and inspire them to go beyond their sustainability goals.



# Our Impact Strategy

**We manage our business by integrating environmental, social, governance (ESG) and economic considerations into our operations, products and services.**

As a technology company with a relatively small sustainability footprint, our most significant impact comes from our products and services as well as the methodology provided through our software and customer relationships.

We give our customers the critical ability to continuously follow and improve their sustainable performance in a cost efficient way.

Together with our customers, we are building solid and reliable infrastructures for sustainability.

Our focus is on developing new products and services, spreading new ideas and leading collaborative efforts with businesses, universities, the elementary and primary school system, authorities and civil partners to develop a sustainable future.

**Our sustainability impact comes from our products, our services and our way of supporting our society.**

We develop digital software solutions, services and methodologies which enable our customers to support a sustainable future and ensure legal compliance to sustainability law and regulations.

We provide software to collect data and perform analyses. We work closely with our customers to enhance their user experience. We aim to provide our customers with solid support and assistance while working with our software.

We work constantly on expanding the space of high-quality inventory accounting and analytics and we actively use the leading sustainability Klappir Platform to enhance the quality and compatibility of sustainability-related work.

***We passionately care for the environment and are committed to building software solutions and providing advisory services that create an ecosystem, enabling organizations, municipalities, and governments to execute transparent and reliable sustainability accounting and disclosure in a cost-efficient way.***

# Our Impact on Society

**We love to bring key environmental, social, governance and economic components to the level of general know-how and understanding for each and everyone. These components need to act in coordination toward sustainable development into the future.**

**Our solution and methodology creates a standard for the way we work, build our sustainability accounting, sustainability statement and disclose sustainability performance.**

Our main impact is based on our state-of-the-art software solutions, our services and our unique methodology, which together connect businesses, regions and authorities in a system similar to a single unified digital eco-system.

No one can solve sustainability challenges alone. Therefore we are proud of connecting people, their businesses and authorities into a single force, focused on improving their sustainability and our society through reliable data provided by our software.

**We aim to create long-term value for society. We do so by:**

- ∅ developing innovative sustainability software solutions
- ∅ doing business in a financially, environmentally and socially responsible way
- ∅ anticipating, adapting to and creating new business opportunities from changes in our business environment
- ∅ supporting capacity building of our society, customers, employees, shareholders and partners
- ∅ providing cost-efficient and reliable environmental software to businesses, regions and cities that simplifies environmental accounting
- ∅ providing software that brings transparency to environmental accounting throughout the entire supply chain and to society as a whole
- ∅ delivering and supporting environmental eco-systems for the wider community



We develop:

# one Digital Platform for all Organisations

Klappir is a standard for sustainability data collection, transparency, accounting and disclosure. We enable the society to understand sustainability with our solution.



Merchant shipping companies



Production



Airlines and tourism



Retail



Waste



Fisheries



Financial sector



Construction industry



Real estate companies



Ports

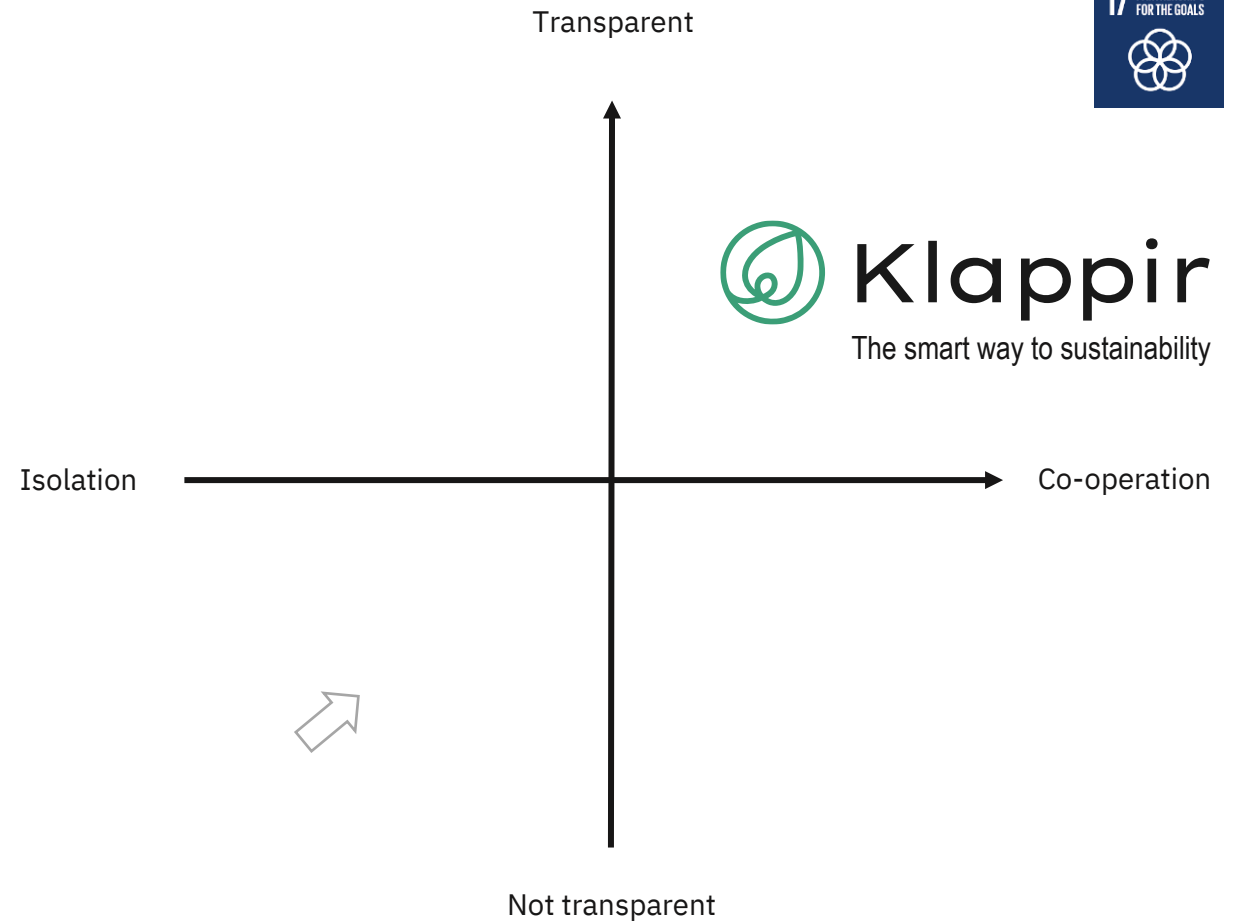


Municipalities, cities and national governments



Land reclamation

# The smart way to sustainability





Our methodology

## Digital Ecosystem for Sustainability

The ecosystem is an interconnected socio-technological system with adaptive properties of self-organization and scalability. The ecosystem enables organisations to work together, receive support from others and thereby contribute to the society.

The benefits of the ecosystem are:

- ❏ Collaboration on the basis of SDG number 17 (partnership for the goals)
- ❏ Each individual organization in the ecosystem can deliver data to other organizations in the eco-system.

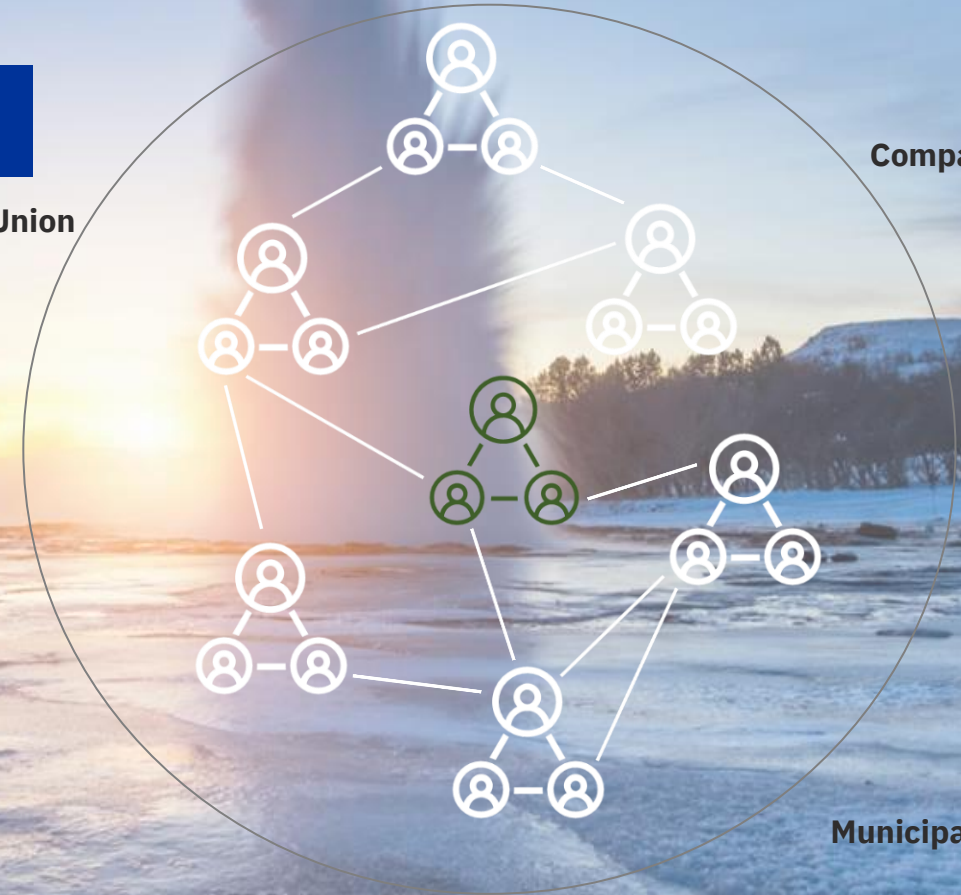


United Nations



European Union

Countries



Companies

Municipalities

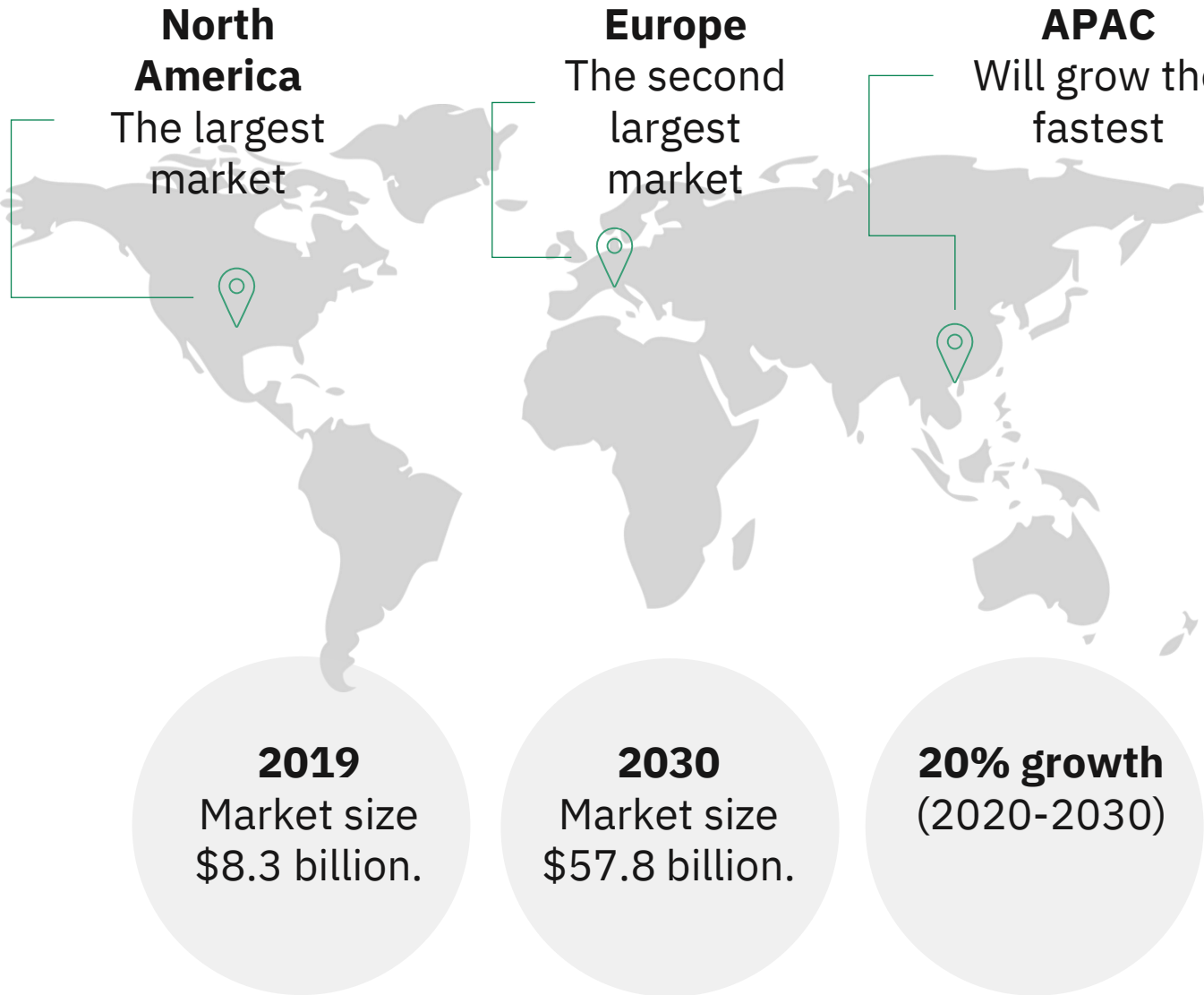




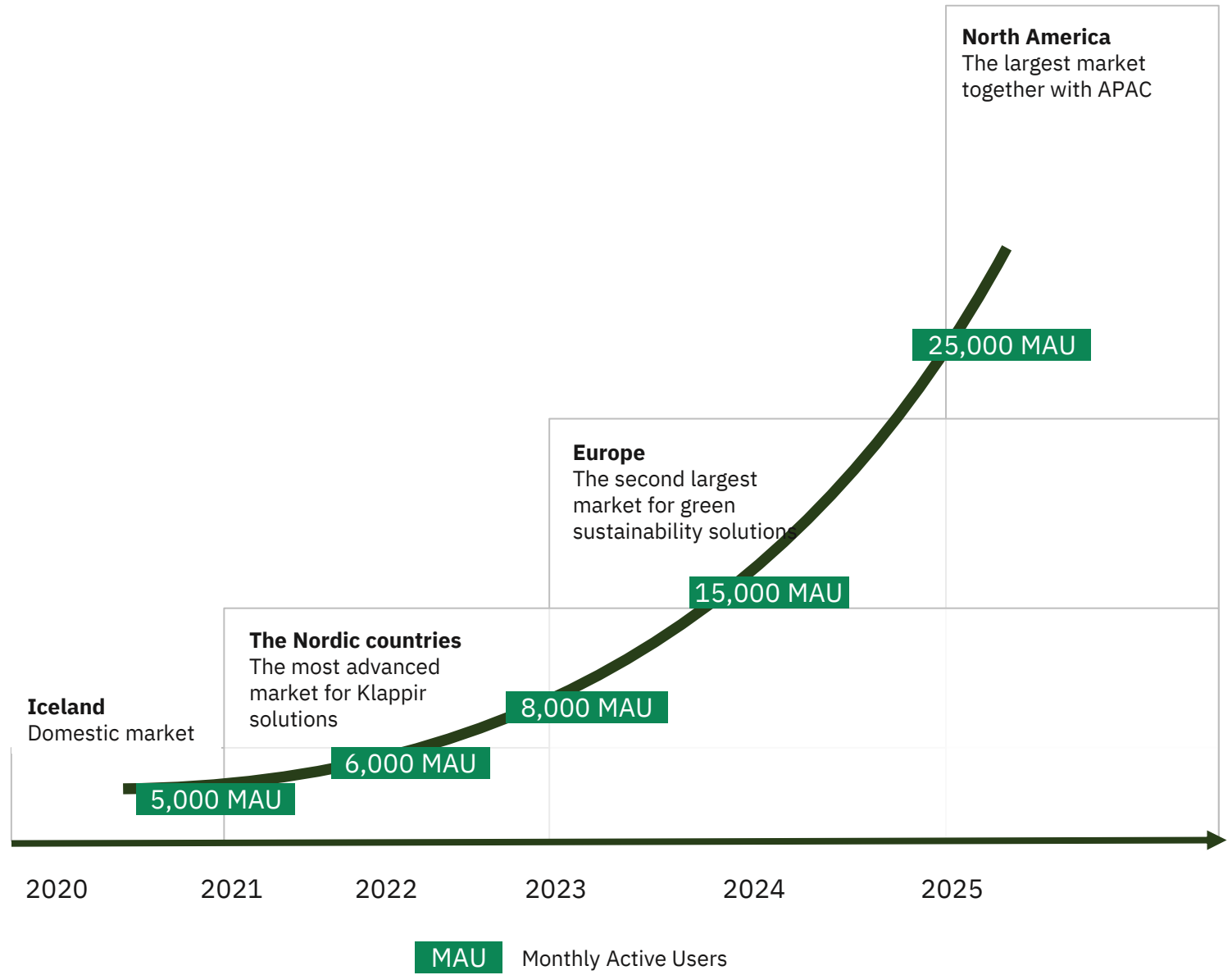
**Our business will grow and through that  
we aim to make a global impact**




The market for green technology and sustainability solutions will grow by at least 20% per year until 2030



Our goal is to increase  
the number of users to  
25,000 in 2025







**We have a solid infrastructure that will ensure growth in international markets**

01

**Great opportunity**  
Klappir entered early into this \$9 billion market, which it set to grow by 20% per annum

02

**Scalable business model**  
A proven business model (SaaS) that delivers a steady stream of revenue

03

**Reliable market position**  
Almost 6,000 users who are achieving excellent results

04

**Numerous possibilities for scaling**  
Klappir's products and services are international. The same methodology used around the world.

05

**Experienced team**  
A strong team with long experience in all essential aspects of sustainability, software development and international business



## Our contribution to society

We align our business to seven SDGs.....30

Our main contribution to society.....32





**We are here for the future  
of our planet**





# We align our business to the following sustainable development goals

Climate change is one of the greatest threats facing the planet, and it poses major environmental, economic and social risks worldwide. The necessary reduction of GHG emissions will require significant changes to global consumption, transport and energy production. We are committed to support the Paris Agreement, Iceland's climate goals and the UN SDGs as evidenced by the following.

Our innovative digital platform and ecosystem, our services and our unique methodology - together help organisations minimize their negative impact on nature. Our Digital Platform for Sustainability is used by over 6,000 users and is reliable, transparent and designed for industrial purposes. We have been awarded product development grants from the Icelandic Technology Development Fund, NORA and EU Horizon 2020.

The SDGs include  
17 main goals,  
169 targets and 231 unique  
indicators linked to the goals.

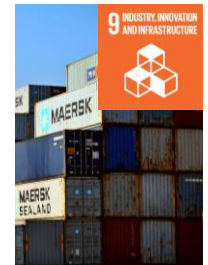
Klappir's ambition is to give  
particular focus on the  
following goals:



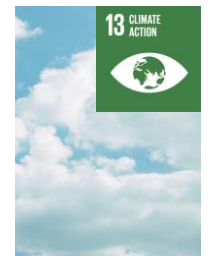
**SDG 4: "Quality Education"** Provide education and share experience to academia and the education system about sustainability. As an example, Klappir works with all primary schools in Reykjavik on sustainability education through its software. Klappir also conducts courses and provides lectures on sustainability. Klappir works closely with three leading universities in Iceland on sustainability education.



**SDG 9: "Industry, Innovation and Infrastructure"** Klappir has invested considerably in digital infrastructure "Digital Ecosystem for Sustainability" which is one of the most innovative pieces of software to push for sustainability improvements by companies. Klappir is becoming a trusted and innovative partner for sustainability action.



**SDG 13: "Climate Action"** Klappir's primary focus over the years has been on climate and GHG reduction. Its software collects data from society on performance by streaming the information, which is then disclosed with robust and transparent data on performance. Our Digital Platform for Sustainability is designed to enable organizations to obtain transparent and reliable data regarding their sustainability performance.





**SDG 14: “Life underwater”** Empowers the maritime industry to combat climate change and its impacts with Digital Logbooks and Port software for MARPOL Annex I-VI (called Smart Shipping). Our “SmarterShipping” extension to the Platform is a solution for all ships to record environmental data according to IMO MARPOL Annex I-VI. The extension “SmarterPorts” is an extension to collect environmental data from ships arriving at ports.



**SDG 15: “Life on land”** It is important to connect GHG accounting and offsetting as one task, and Klappir’s Platform offers this, leading to a direct increase in offsetting projects funded by companies. Our goal is to extend our software to collect more accurate and transparent data on agriculture and offsetting. We work with Icelandic partners that offer carbon offsetting, to enlarge their customer network through our Platform. This new extension to the Platform is called “Smarter Offset,” which allows customers to offset themselves directly through our Platform. Projects included in the “Smarter Offset” are related to forestry and wetlands with other offsetting options to emerge as carbon markets continue to evolve.



**SDG 16: “Peace, justice and strong institutions”** The Klappir Platform facilitates work for institutions such as the Environmental Agency and Tax Office. These institutions can gain access to digital data from Klappir’s customers for control and supervision. Via the Klappir Platform, all users have access to the same framework and ability to disclose their sustainability performance and information. We cooperate with the Environmental Agency of Iceland, the Icelandic Transport Authorities and the Icelandic Coast Guard in regards to providing access to digital data from Klappir’s customers for control and supervision. With the consent of shipowners, we share processed information through the Klappir ecosystem. This increases the quality of information, coverage and transparency.



**SDG 17: “Partnerships for the goals”** This is the core of everything Klappir does as our sustainability solutions are structured around SDG number 17. Our digital ecosystem for sustainability is built to enable organisations, businesses and individuals to work together in terms of improving their sustainability performance. By connecting in the ecosystem, customers can work together towards their goals for improved sustainability performance. One customer can communicate with all his suppliers and service providers through the Platform and ecosystem and push/support them to do better in terms of their sustainability performance. We are proud of connecting people, their businesses, municipalities and authorities into a single force. Working together they will build a greener future for all of us.



# Our main contribution to society



**21%**

total reduction in GHG emissions (tCO<sub>2</sub>e) by those who use Klappir software



**90%**

of vessels entering the Icelandic environmental jurisdiction use Klappir products to submit environmental data



**300%**

increase in forestry through the marketplace since 2018



**6,000+**

users and 750 legal entities use Klappir software.



**25+**

green jobs at Klappir. Two of them are employees of Klappir Nordic.



**Klappir Nordic**

leads sales and marketing in the Nordic countries



**We share**

We are active participants in meetings and conferences on climate change and sustainability



**We educate**

We support the education of young people through our "Clapping Green Penguin" project (Europe)



**We support**

We spread knowledge through the "Education Corner" which we send to everyone connected to Klappir





## Corporate Governance

We are a Pure Play company.....	35
Our Green Financing Framework.....	36
Risk analysis.....	37
Board of Management.....	39
Board of Directors.....	40





**We aim for a  
sustainable future for all**



# We are a Pure Play company

**Our mission is to bring clarity to the world of sustainability through the ongoing development of its digital sustainability platform.**

Klappir aims to make its digital platform and ecosystem for sustainability the leading instrument to help companies, municipalities, governments and communities to understand, monitor and improve their sustainability performances, including the reduction of their greenhouse gas (GHG) emissions.

Klappir offers its customers the critical ability to continuously follow and improve their sustainability performance by measuring their GHG emissions in a reliable and cost-efficient way. Together with its customers, Klappir is building solid, transparent and reliable digital infrastructures, striving to have a greater positive impact for a more sustainable world.

Klappir has a leading position in its domestic market in Iceland as well as in the global maritime market and is now accelerating its growth into the Nordic region. The company's most significant impact on society comes from its products and services as well as the methodology provided by its digital platform and ecosystem for sustainability.

**This Green Financing Framework is based on existing international standards:**

- **The Green Bond Principles as published by the International Capital Market Association (ICMA) in June 2021**
- **The Green Loan Principles published by the Loan Market Association (LMA) in May 2020**



Since the activities of the company have been classified by ISS as green, all proceeds from Green Instruments will be used to finance Klappir's digital platform and ecosystem for sustainability. As such, operations can be defined as projects, investments and expenditures under this framework which supports society's transition toward sustainability.

**A Green Financing Committee is in place at Klappir in which senior representatives from the company take part, tasked with ensuring that 90% of the company's revenues continue to be eligible for the pure play option.**

Klappir has worked with global sustainability advisor Ernst & Young (EY) to develop the Green Financing Framework and ISS-ESG has provided a second party opinion (SPO) to the framework. An independent assurance provider will provide limited assurance on the annual report for the purposes of this framework.

The Green Financing Framework is an important part of Klappir's sustainability strategy moving forward. This applies both to Klappir's internal operations, owners and the sustainable business environment and community that Klappir influences through its products and services.

Klappir is listed on the Nasdaq First North and was one of the first Icelandic companies to enter that market.

# Our Green Financing Framework

The transition towards sustainability, a low carbon, resilient and environmentally friendly economy with reduced negative impacts on people and society, requires vast amounts of capital. By establishing this Green Financing Framework, Klappir aims to use the proceeds to help more customers to manage their sustainability efforts by facilitating their access to accurate, real-time sustainability data via Klappir's digital platform and ecosystem for sustainability.

Under this Framework, Klappir will use funding options from public and private, listed and non-listed instruments, referred to as "Green Instruments." Klappir's activities fall under the EU Taxonomy as green activities (Activity 8.2 Data-driven solutions for GHG emissions reductions).

This Framework is based on robust international principles, guidelines, and protocols. Furthermore, it is based on best practices in Europe and benchmarked with similar frameworks issued by companies that are leading in sustainability:

- The Green Bond Principles as published by the International Capital Market Association (ICMA) in June 2021



- The Green Loan Principles published by the Loan Market Association (LMA) in May 2020

**Klappir considers itself to be a Pure Play green company, under which the company intends to raise funds in financial markets.**

*The Principles* are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond and Green Loan market by clarifying the approach for Green Financing.

In addition to the ICMA Green Bond Principles and the LMA Green Loan Principles, Klappir will monitor developments surrounding the EU Green Bond Standard (EU GBS), EU Taxonomy and other relevant guidelines and trends. This Green Financing Framework may, therefore, be further updated or expanded to reflect this.





# Risk analysis

## Our main emphasis is on following areas of risk.

**Policy and legal risk:** Our products and services are partly dependent on the policy and implementation of environmental legislation.

It is expected that policy changes may happen at a different times across different geographical areas. Our focus over the next 3-5 years is on Europe and therefore we do not anticipate meaningful negative impact.

**Technological risk:** We focus on protecting our customers sustainability data therefore we strive to develop software infrastructure which will be resilient to cyberattack. To back up our work, we are implementing ISAE 3000 covering our digital technology, methodology and support and services.

**Physical risks:** We are well prepared regarding risk posed by climate change, legal risks presented by stricter new legislation and regulation on climate-related issues. We focus on minimizing our own sustainability load on society.

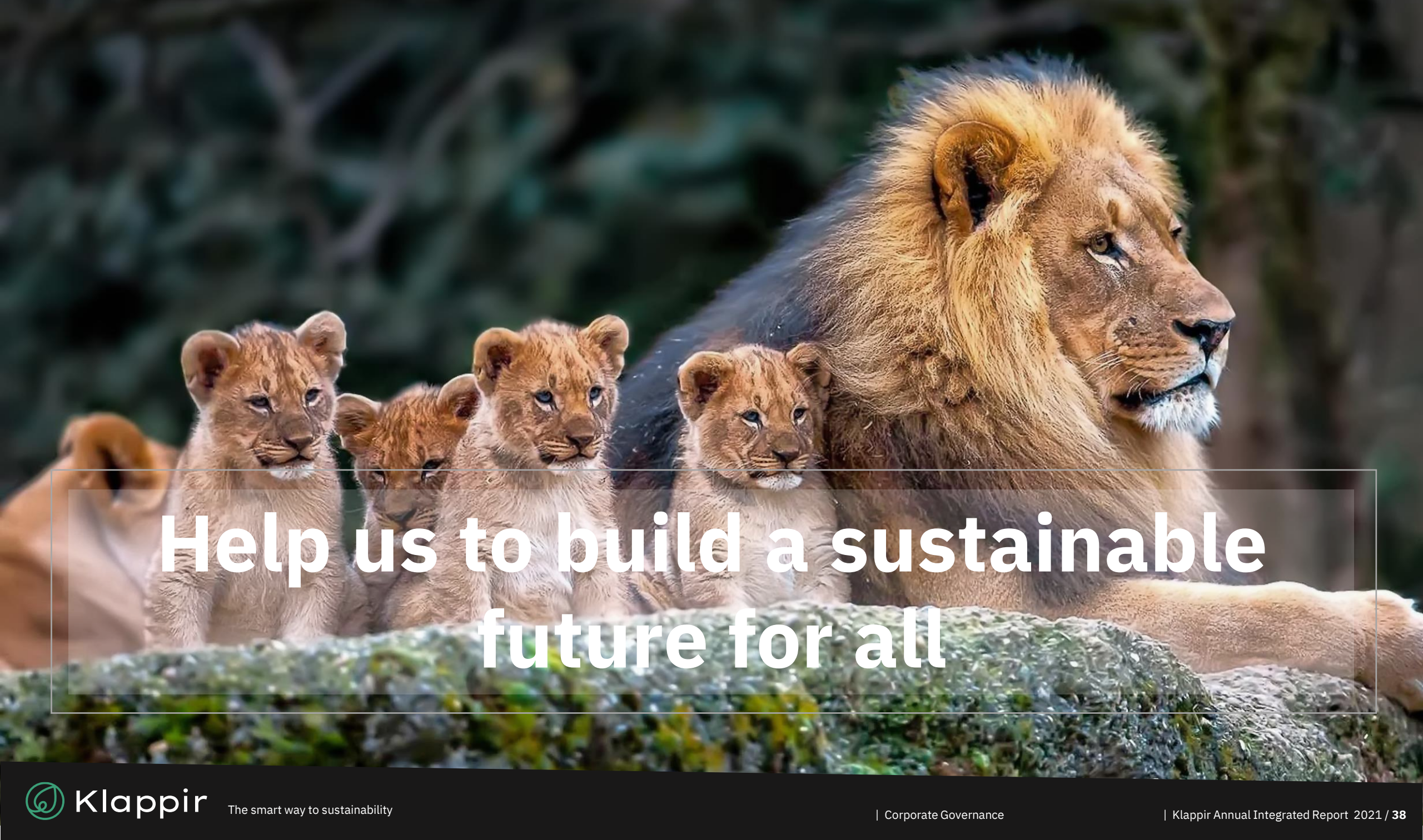
**Market and reputational risk:** Klappir complies with all relevant rules and regulations, Icelandic legislation (Law no. 2/1995 on corporations), the company's Articles of Association and the board's rules of procedure.

As an infrastructure company, our focus is on risk related to our infrastructure and data protection. We have strict rules regarding data sharing within the ecosystem.

**Data protection:** All data is owned by the respective organization. All data shared between organizations in the ecosystem is shared by each individual organization without Klappir involvement. Klappir does not use the data for any purpose without the consent and agreement of the owner of the data. Our share and ownership structure is designed to limit risk from uncontrolled changes in the ownership of Klappir. The ownership structure provides a stable basis for Klappir's long-term vision. The company's A shares are not listed and are held by the founders while the B shares are listed on Nasdaq First North in Iceland.

***We focus on risk analysis and risk mitigation in our daily work.***





**Help us to build a sustainable  
future for all**





# Board of Management



**Jon Agust Thorsteinsson**  
CEO & Co-Founder



**Olof Asta Olafsdottir**  
CFO



**Anton Birkir Sigfusson**  
CGSO  
Responsible for the growth and sustainability team.

## **Jon Agust Thorsteinsson**

Holds a PhD in engineering from the Institute of Energy Technology at Aalborg University, Denmark. He has been with Klappir since its foundation in 2014.

## **Olof Asta Olafsdottir**

Holds a BS in Business Administration from Reykjavík University. She has been with Klappir since 2019.

## **Anton Birkir Sigfusson**

Holds an ML in Law from Reykjavík University. He has been with Klappir since 2018.



**Sigrun Hildur Jonsdottir**  
CVO & Co-Founder  
Responsible of aligning the operation to the impact strategy.



**Kristjan Hall**  
CTO  
Responsible for the software team and the technology



**Thorsteinn Svanur Jonsson**  
CPO & Co-Founder  
Responsible for the product vision and product management.

## **Sigrun Hildur Jonsdottir**

Holds an MBA from the University of Iceland and MSc in Comparative Politics (Conflict Study Stream) from LSE, London. She has been with Klappir since 2014.

## **Kristjan Hall**

Holds a BS in Computer Science from the University of Iceland. He has been with Klappir since 2014.

## **Thorsteinn Svanur Jonsson**

Holds a Mjur from the University of Iceland. He has been with Klappir since 2014.

# Board of Directors



**Linda Bjork Olafsdottir**  
Chairman of the Board

Has a PhD in biomedicine from the University of Iceland. Linda is one of the owners of Fagkaup ehf. and is the Managing Director of Tennin Ltd. She has been a board member since April 2017.



**Agust Einarsson**  
Board member

Holds an MSc in Industrial and Business Engineering from Aalborg University. Ágúst has more than 25 years of experience as a CEO within the software industry. He advises high-tech and cloud businesses to transform and accelerate growth. He joined the Klappir board in April 2021.



**Hildur Jonsdottir**  
Board member & co-founder

Holds a Masters degree in psychology from Aarhus University, Denmark. She has been a board member since 2014.



**Jon Bjornsson**  
Board member

Holds a BA degree from Rider University. Jón has more than 25 years' experience as a CEO within the retail industry and serves on several BoDs, including Boozt.com, Ahlens AB and By Malene Birger. He joined the board of Klappir in April 2020.



**Stefan Eyjolfsson**  
Board member

Holds a degree in Business Administration from the University of Iceland. He serves as the Vice President of Business Development for Northern Light Leasing Ltd. He joined the Klappir board in April 2020.





## Sustainability highlights and additional information

Sustainability highlights.....	42
Data collection process.....	43
Framework for environmental accounting.....	44

# Sustainability highlights

**Our sustainability progress in numbers is presented in attachments.**

- **Sustainability Statement and,**
- **Financial Statement**

This report refers to business, environmental and social issues that have a direct and significant impact on our company, employees, stakeholders and business partners.

In 2021 we invested in further enhancing our Digital Platform for Sustainability and product extensions.

Our impact on society continue to grow, due to fast increase in users of our software.

## **Economic**

The group's operating income increased by 18.1% between years from ISK 321.8 million in 2020 to ISK 380.1 million in the year 2021. 78,9% of the revenue is recurring (SaaS) either on a monthly or annual basis.

EBITDA from the group's regular operations increased from ISK 25.1 million in the year 2020 to ISK 72.8 million in the year 2021.

**As we have now include Scopes 1, 2 and 3 into our environmental accounting, we have changed our reference year from 2015 to 2021. Most of scope 3 was not included in earlier statements.**

## **Environment**

Our Scope 1, 2 & 3 emission is 10,1 tCO<sub>2</sub>e. Our main KPI is our carbon intensity per fulltime employee (FTE) which was 481 kgCO<sub>2</sub>e /FTE.

Our total generation of waste was 613 kg, which is 29 kg/FTE. Sorted waste was 83,1% of the total.

## **Social**

Our social impact comes from our products and the service we provide to society.

Our focus 2021 was on "Green Screens" which is a concept focussed on improving young people's environmental skills and understanding by using Klappir digital technology.

For further information see <https://www.klappir.com/articles/climate-assembly-for-schools-in-reykjavik>

## **Governance**

Klappir complies with all relevant rules and regulations, Icelandic legislation (Law no. 2/1995 on corporations), the company's Articles of Association and the board's Rules of Procedure.

For further information see:

<https://www.klappir.com/strategy-and-policies>

<https://www.klappir.com/green-financing-framework>

See Financial Statement

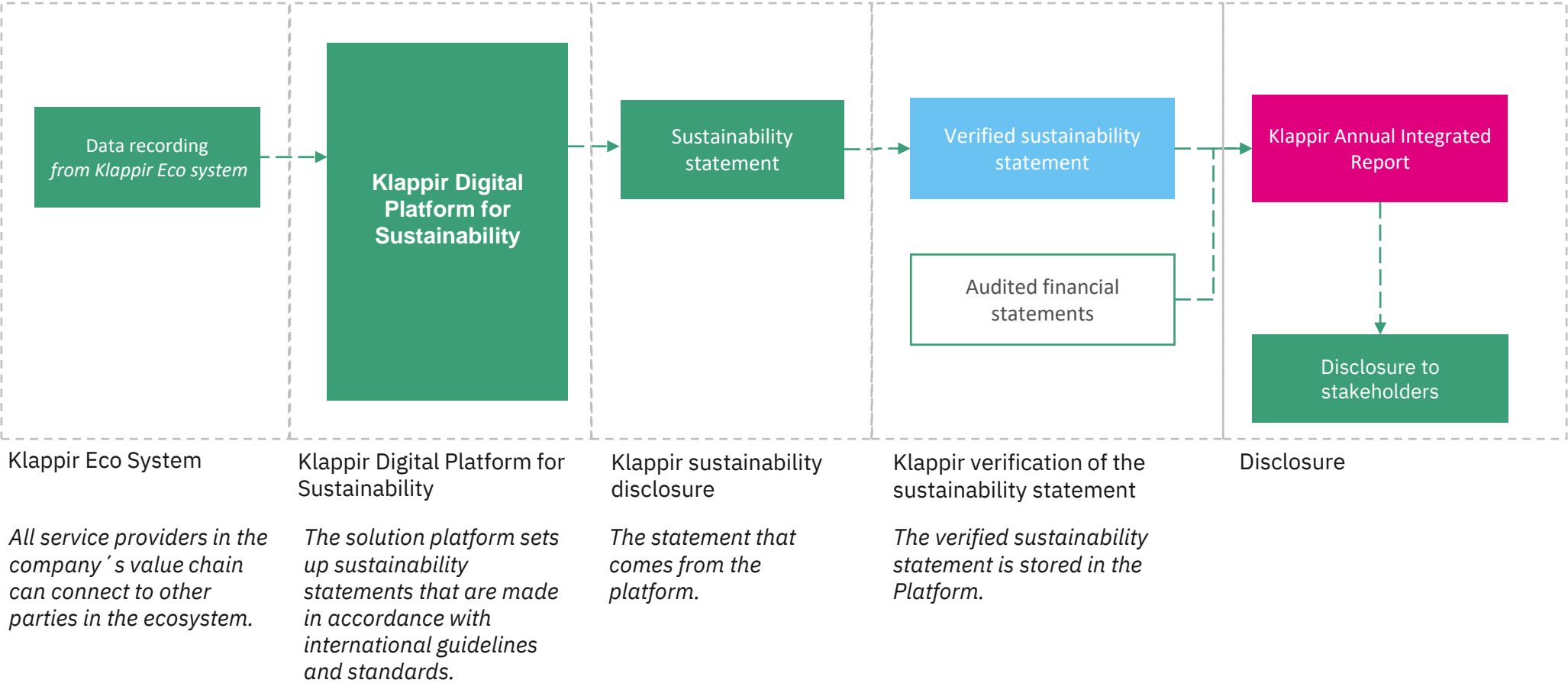
<https://www.klappir.com/investors>

See Sustainability Statement

<https://www.klappir.com/investors>

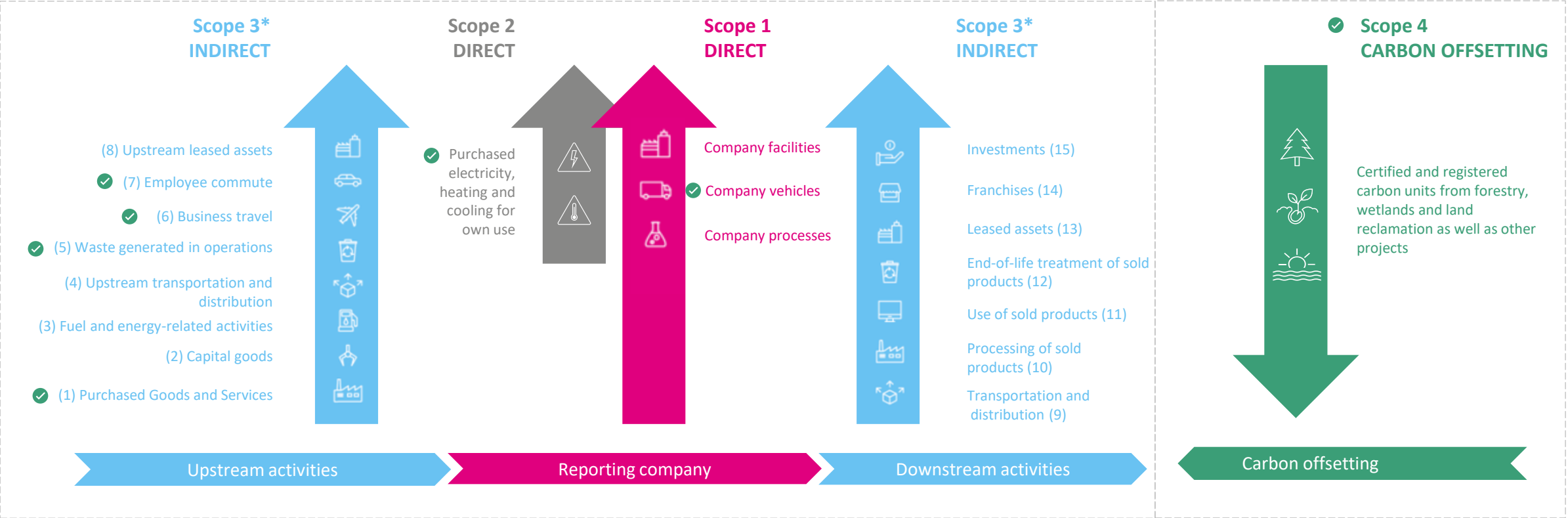


# The data collection process, verification and disclosure



# Our framework for environmental accounting

Klappir's accounting methodology is based on ISO 14064, Greenhouse Gas Protocol and Klappir standard



✓ Included in Klappir Sustainability Statement

Further informaiton:  
<https://www.klappir.com/>





# Global awareness

**Sustainability will not be viewed as a painful "cost of doing business". Instead, companies will build bridges between their sustainability processes and operational improvements.**

Increased environmental awareness is an economical fact. Businesses will both respond to existing environmental rules and regulations and also anticipate what is coming up on the legislative agenda and make themselves able to comply as fast and efficiently as possible.

*"Harvard Business Review"*

Step this way for a more  
**Sustainable future**

